

PUBLIC DISCLOSURE

March 16, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Gunnison Valley Bank
Certificate Number 1250**

**10 South Main Street
Gunnison, Utah 84634**

**Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

I.	General Information.....	1
II.	Institution's CRA Rating	2
III.	Scope of Examination	3
IV.	Description of Institution	4
V.	Description of Assessment Area	5
VI.	Conclusions with Respect to Performance Criteria	6
VII.	Appendix A - General Definitions.....	11

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Gunnison Valley Bank (GVB)**, prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **March 16, 2009**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The bank's CRA performance depicts a satisfactory practice of providing for the credit needs of its assessment area (AA) in a manner consistent with its resources and capabilities. The following supports this rating:

- The bank's average net loan-to-deposit (ANLTD) ratio indicates a reasonable responsiveness to community credit needs.
- The bank originated a substantial majority of loan originations within its designated AA.
- An analysis of loan originations reveals a reasonable penetration among farms, ranches, and businesses of different sizes and individuals of different income levels.
- An analysis of loans originated in the census tract (CT) designated as underserved shows a reasonable penetration among farms, businesses, and individuals. All three CTs comprising the AA are middle-income tracts.
- The bank has not received any complaints relating to its CRA performance.

In addition, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

SCOPE OF THE EVALUATION

This evaluation reflects the bank's CRA performance since the previous review dated February 23, 2004. The evaluation was conducted from the bank's only office in Gunnison, Utah. Examiners evaluated the bank's CRA performance in the context of the following:

- The current economic environment;
- Demographic characteristics of its AA;
- Lending opportunities within its AA;
- Bank financial resources and constraints;
- Bank product offerings and business strategy; and
- Information derived from community contacts.

The bank's performance evaluation was completed using small bank evaluation procedures. The evaluation of the bank's CRA performance was based on information provided by bank management and community contacts. Information from these sources as well as economic data and demographic characteristics of the AA was analyzed. Additional factors analyzed included competitive factors, loan demand in the AA, and the bank's business focus.

The CRA evaluation of the bank's lending performance was based, in part, upon the review of three loan categories. This included the institution's lending activity for small farm and ranch loans, small business loans, and 1 to 4 family residential construction loans. Agricultural and business loans were selected as these loan products each represent approximately 19 percent of the loan portfolio, equating to the second and third largest percentage of the bank's loan portfolio. The consumer residential construction loans were selected because they represented the largest percentage of the bank's loan portfolio as of December 31, 2008, at 31 percent.

The entire loan review consisted of 95 loans totaling \$9,332,000. Examiners used FDIC statistical sampling guidelines and reviewed 25 small farm loans, 55 small business loans, and 15 residential construction loans originated from January 1, 2008, through the examination date, and this represents the "review period" for completing the evaluation. Of the total loans sampled, 84 loans totaling \$8,074,000 were originated in the AA and were used in subsequent analyses throughout the evaluation. The bank also originates a variety of consumer loans which represent about 20 percent of the loan portfolio. However, if viewed separately by collateral category, each represent a much smaller portion of the bank's total loan portfolio and therefore were not analyzed in this evaluation.

D&B data and the 2000 U.S. Census information are presented for comparison purposes. D&B data is based on the geographic location of the total number of small farms and small businesses located within the AA as well as the reported annual gross sales of each type. Other data includes census information relative to population, CT designations, and borrower income.

DESCRIPTION OF INSTITUTION

GVB is a commercial bank with gross loans of \$69,017,000 and total assets of \$77,680,000 as of December 31, 2008. The bank operates from a single location located in Gunnison, Utah, and has office lobby hours from 9:00 a.m. to 4:00 p.m. Monday through Friday. The drive-up window also maintains these same hours. One Automated Teller Machine (non-deposit taking) is located just inside the outer front door of the bank, and GVB offers additional access to banking services through an after-hours depository.

The bank offers several loan products to meet the credit needs of residents, farms, ranches, businesses, and individuals within the AA. Farm loans are offered for a variety of purposes including financing for machinery and equipment, livestock, real estate, and annual operating lines of credit. Small business loans are also offered for a variety of purposes including real estate, equipment, inventory, capital needs, accounts receivable, and operating lines of credit. Residential real estate lending includes lending for construction, interim financing, modular homes, mobile homes, and home improvement. The bank also offers loans for many consumer purposes.

Table 1 reflects the bank's loan portfolio as of December 31, 2008.

Table 1 – GVB Loan Portfolio		
	Dollar Amount	Percent of Total
Loans secured by real estate:		
Construction 1 to 4 family residential	21,464,000	31
Other construction loans and land development	2,182,000	3
Secured by farmland	434,000	1
Secured by 1 to 4 family residential properties:		
Closed-end loans secured by 1 to 4 family residential properties:		
Secured by first liens	2,367,000	3
Secured by junior liens	121,000	Negligible
Secured by nonfarm nonresidential properties	2,180,000	3
Loans to finance agricultural production and other loans to farmers	13,042,000	19
Commercial and industrial loans	12,767,000	19
Consumer loans		
Other consumer loans (several different loan types)	13,987,000	20
Other loans	473,000	1
Gross Loans	\$69,017,000	100

Source: Consolidated Report of Condition (Call Report) for December 31, 2008

Gunnison Valley Bancorp, Inc., a one-bank holding company, owns 100 percent of the outstanding shares of bank stock. No legal or financial impediments exist which would prohibit the bank from meeting the credit needs of the AA.

DESCRIPTION OF ASSESSMENT AREA

A financial institution is required to delineate one or more AAs within which regulatory agencies evaluate a bank's record of helping to meet the credit needs of its community and surrounding area. An AA must consist generally of one or more Metropolitan Statistical Areas (MSA) or one or more contiguous political subdivisions, such as counties, cities, or towns in which the bank has its main office, branches, and deposit-taking remote service facilities. For the purposes and requirements of CRA, GVB has designated three contiguous CTs as its' AA. Two of the CTs comprise southern Sanpete County and the third CT comprises northern Sevier County and is designated as being underserved. All three CTs are designated as middle-income tracts. Population for the AA totals 12,845.

The AA is mostly rural and moderately dependent on the agricultural industry. Most ranchers and farmers raise cattle and grow crops, primarily small grains. Larger employers in the AA include Snow College in Ephraim, Moroni Feed in Moroni, Sanpete School District, Federal government, and the State of Utah (mostly centered at the prison/correctional facility in Gunnison). The larger towns, including population, are Gunnison (2,394), Salina (2,958), Ephraim (4,505), and Manti (3,040). The two largest cities closest to the bank, but not in the AA, are Nephi, Utah, with a population exceeding 7,000, and Richfield, Utah, with a population of almost 7,000. Gunnison is located approximately 30 miles south of Nephi and about 30 miles north of Richfield.

According to information gathered by D&B for the year 2008, there were 937 businesses and 80 farming operations located within the AA. Farming establishments comprise about 8 percent, with small business establishments comprising over 92 percent of total business establishments. The primary business type is the services industry at nearly 25 percent of all business types within the AA. Non-classifiable establishments represent about 23 percent of the total businesses. The unemployment rates for the area, while less than the national average, did exceed the overall State of Utah averages. The following table provides additional information.

Table 2 – Level of Unemployment in Various Geographies				
Area	2008 Q1 (%)	2008 Q2 (%)	2008 Q3 (%)	2008 Q4 (%)
AA Average	4	4	4	4
State of Utah	3	3	3	3
United States	5	5	6	6

Source: Bureau of Labor Statistic Not Seasonally Adjusted. (Rounded to nearest whole percent)

Competitive Environment: Financial competition within (or close to) the AA consists of the following: Branches of Wells Fargo National Bank in Richfield, Mt. Pleasant, and Nephi; branches of Zions National Bank in Salina, Manti, and Richfield; branch of Utah Independent Bank in Salina; branch of Far West Bank in Ephraim; branch of State Bank of Southern Utah in Richfield; branch of Mountain America Credit Union in Richfield; and Moroni Feed Credit Union in Gunnison. There are no other independent banks located solely in the AA.

The FDIC Summary of Deposits as of June 30, 2008, shows that there are 6 deposit-taking financial institutions operating 14 offices within the 2-county area containing the 3 CTs that comprise the bank's AA. Zions Bank holds the largest deposit market share of these FDIC-insured banks at 42 percent. Wells Fargo Bank and GVB each have 15 percent of the deposits while State Bank of

Southern Utah and Utah Independent Bank hold 8 and 5 percent, respectively. Americanwest Bank (Seattle, Washington) is shown as a holder of 14 percent of deposits. Credit unions are not included in this analysis.

Information obtained from community contacts is also used to help evaluate the bank's CRA performance. For this evaluation, prior contacts conducted in the counties from which GVB derives its AA were reviewed. It was determined that agricultural, small business, and consumer loans for housing were needed. Concern was also noted for how small businesses and individuals would be affected by the deteriorating economic conditions. Overall, the contacts stated that AA credit needs are generally being met.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Five performance criteria are evaluated to determine the bank's CRA performance and assign a rating. The criteria center around the bank's lending activity within its designated AA. Each of the following five criteria is discussed on the following pages:

- Loan-to-Deposit Ratio
- AA Concentration
- Borrower Profile
- Geographic Distribution
- Responsiveness to CRA-related complaints

Loan-to-Deposit Ratio

The bank's ANLTD ratio of 92.16 percent indicates a reasonable responsiveness to AA credit needs given its business focus, asset size, and financial condition. The ANLTD ratio, based on the prior 20 quarters since the February 23, 2004, CRA Evaluation, demonstrates a consistent use of funds to help meet community credit needs on an ongoing basis. The ratio has ranged from a low of 82.20 percent in December 2004 to a high of 99.45 percent in March 2007. There were only 7 quarters where the ratio fell below 90 percent and in only 2 of the 7 quarters, the ratio fell below 85 percent. This demonstrates a consistent pattern of using deposits to fund loans, primarily within the AA.

All of the other institutions within the AA are branches of larger banks headquartered elsewhere. As such, there are no other independent banks within the AA that could be used for comparative purposes.

Assessment Area Concentration

This performance criterion measures the volume of loans originated within a bank's AA relative to total lending activities and is an indicator of the level of service within that AA. The bank has originated a substantial majority of loans to borrowers within its AA. Table 3 shows that 84 loans (88 percent) were originated to borrowers within the AA and 11 loans (12 percent) were originated to borrowers outside of the designated AA. The ratios by dollar volume are 87 and 13 percent, respectively. The 84 loans originated within the AA are used throughout the rest of this evaluation to analyze the bank's CRA performance level.

Table 3 - Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Dollar Volume of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total \$ (000)
	#	%	#	%		\$(000)	%	\$(000)	%	
Small Business	51	93	4	7	55	3,802	94	238	6	4,040
Small Farm	22	88	3	12	25	2,591	91	263	9	2,854
1-4 Family Residential Construction	11	73	4	27	15	1,681	69	757	31	2,438
Total	84	88	11	12	95	8,074	87	1,258	13	9,332

Source: Bank Records

Lending to Businesses and Farms of Different Sizes and Borrowers of Different Income Levels

Small Business

The distribution of the bank's sampled small business loans reflects a reasonable dispersion among businesses of different revenue sizes. A small business loan is defined as a loan to a business with an original amount or commitment of \$1 million or less, while a small business is defined as a business with gross annual revenues (GARs) of \$1 million or less.

GVB's record of lending to businesses of different sizes is reasonable given its resources, capabilities, and competition in the AA. Table 4 describes GVB's lending to businesses with revenues of less than \$1 million and over \$1 million. Overall, 59 percent of the businesses in the AA have GARs of less than \$1 million. GVB originated 73 percent of the loans sampled to this group of businesses. In addition, GVB also demonstrates its commitment to meet the needs of the smaller businesses in the AA as there were 20 loans, or 39 percent that were originated to businesses with GARs of less than \$100,000. This exceeds the percentage of the smaller businesses (32 percent) located in the AA that have revenues within this band. Of the bank's customers, there are some larger businesses involved in the sales of farm or construction equipment and autos that require larger loans to maintain adequate levels of assets for sale. This explains the higher dollar level of lending to businesses with GARs exceeding \$1 million.

Table 4 - Distribution of Small Business Loans by Gross Annual Revenues of Business					
Revenue Level	Percent Total Businesses in AA	Number of Loans	% of #	Dollar Amount \$(000)	% of \$
\$0 < \$100,000	32	20	39	334	9
\$100,000 < \$250,000	16	3	6	203	5
\$250,000 < \$500,000	8	6	12	368	10
\$500,000 < \$1,000,000	3	8	16	663	17
Total \$1 Million or Less	59	37	73	1,568	41
Over \$1 Million	4	14	27	2,234	59
Not Reported	37	0	0	0	0
TOTALS:	100	51	100	3,802	100

Source: Percent Total Non-Farm Businesses: 2008 D&B Data; Bank Records

Small Farm

The distribution of the bank's sampled agricultural loans reflects a reasonable dispersion among farms of different revenue sizes. A small farm loan is defined as a loan to a farm with an original amount or commitment of \$500,000 or less, while a small farm is defined as a farm with GARs of \$1 million or less.

The distribution indicates that 100 percent of the small farm loans were extended to farms with GARs of \$1 million or less; further review shows that all of these had revenues of less than \$500,000. According to D&B estimates for the year 2008, 95 percent of farms in the AA have GARs of \$1 million or less. The bank's performance exceeds the comparative data shown. See Table 5 for more information.

Table 5 - Distribution of Small Farm Loans by Gross Annual Revenues of Farm					
Revenue Level	Percent Total Farms in AA	Number of Loans	% of #	Dollar Amount \$(000)	% of \$
\$0 < \$100,000	37	9	41	215	8
\$100,000 < \$250,000	18	7	32	1,177	45
\$250,000 < \$500,000	8	6	27	1,199	47
\$500,000 < \$1,000,000	32	0	0	0	0
Total \$1 Million or Less	95	22	100	2,591	100
Over \$1 Million	5	0	0	0	0
Not Reported	0	0	0	0	0
TOTALS:	100	22	100	2,591	100

Source: Percent Total Farms: 2008 D&B Data, Bank Records

Lending to Borrowers of Different Income Levels

Table 6 shows a reasonable distribution of 1 to 4 family consumer construction loans. About 27 percent of the loans (37 percent by dollar volume) were made to borrowers of low- and moderate-income levels. While lending to moderate-income borrowers is comparable to the percent of moderate-income families living within the AA, lending to low-income borrowers is not. However, there are mitigating factors affecting the ability of low-income borrowers to obtain credit. Overall, consumer real estate lending has slowed considerably due to the current economic conditions and general tightening of credit. Also, within GVB's AA, there are over 35 percent of households with fixed income such as social security or public assistance. In addition, nearly 13 percent of the households are below poverty level. The non-MSA median family income level for this AA is \$39,328 and a low-income borrower would have income less than \$19,664 annually which affects their ability to qualify for a loan.

Table 6 - Distribution of 1 to 4 Family Residential Construction by Borrower Income					
Borrower Income Level	Percent Total Families in AA	Number of Loans	% of #	Dollar Amount \$(000)	% of \$
Low	19	1	9	152	9
Moderate	20	2	18	471	28
Middle	27	3	27	426	25
Upper	34	5	46	632	38
TOTALS	100	11	100	1,681	100

Source: 2000 U.S. Census Data, Bank Records

Geographic Distribution of Loans

The three CTs that comprise the bank's AA are homogeneous and are all middle-income geographies. However, since one CT is considered underserved, the following table delineates the bank's lending activity (based on the examination sample) within the underserved area and includes all three loan types sampled. The comparative data includes a percentage of businesses, farms, and individuals. The bank's performance is reasonable, given its resources and capabilities, and given the fact that the underserved tract is also close to the Richfield population center which is also served by several other institutions.

Table 7 – Distribution of All Sampled Loans by Designation					
Tract Designation	Percent Total Businesses/Farms & Borrowers in AA	Number of Loans	% of #	Dollar Amount \$(000)	% of \$
Middle-Income Not Considered Underserved	61	68	81	6,874	85
Middle-Income Underserved	39	16	19	1,200	15
TOTALS:	100	84	100	8,074	100

Source: 2008 D&B Data, 2000 U.S. Census Data, Bank Records

The following 3 tables provide the same information as Table 7, except that each table provides data relevant to a specific loan type. Distribution by CT for all three loan types is reasonable given the size and complexity of the bank.

Table 8 – Distribution of Small Business Loans by Designation					
Tract Designation	Percent Total Businesses in AA	Number of Loans	% of #	Dollar Amount \$(000)	% of \$
Middle-Income Not Considered Underserved	62	43	84	2,933	77
Middle-Income Underserved	38	8	16	869	23
TOTALS:	100	51	100	3,802	100

Source: Percent Total Non-Farm Businesses: 2008 D&B Data

Table 9 – Distribution of Small Farm Loans by Designation					
Tract Designation	Percent Total Farms in AA	Number of Loans	% of #	Dollar Amount \$(000)	% of \$
Middle-Income Not Considered Underserved	66	15	68	2,412	93
Middle-Income Underserved	34	7	32	179	7
TOTALS:	100	22	100	2,591	100

Source: Percent Total Farm Businesses: 2008 D&B Data

Table 10 – Distribution of 1 to 4 Family Construction Loans by Designation					
Tract Designation	Percent Total Families in AA	Number of Loans	% of #	Dollar Amount \$(000)	% of \$
Middle-Income Not Considered Underserved	61	10	91	1,529	91
Middle-Income Underserved	39	1	9	152	9
TOTALS:	100	11	100	1,681	100

Source: 2000 U.S. Census Data

Response to Complaints

The bank has not received any CRA-related complaints since the previous CRA evaluation dated February 23, 2004.

Fair Lending or Other Illegal Credit Practices Review

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A - GENERAL DEFINITIONS

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

Rural Area: Territories, populations, and housing units that are not classified as urban.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

D&B: A leading provider of business information for credit, marketing, and purchasing decisions in the U.S. and worldwide.

Community Development means:

- (1) Affordable housing (including multifamily rental housing) for low- or moderate-income individuals;
- (2) Community services targeted to low- or moderate-income individuals;
- (3) Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
- (4) Activities that revitalize or stabilize--
 - (i) Low-or moderate-income geographies;
 - (ii) Designated disaster areas; or
 - (iii) Distressed or underserved non-metropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, FDIC, and Office of the Comptroller of the Currency, based on--
 - (A) Rates of poverty, unemployment, and population loss; or
 - (B) Population size, density, and dispersion. Activities revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Qualified Investments: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting low- and moderate-income individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize low- and moderate-income geographies.